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SOME IMPLICATIONS OF SOCIO-ECONOMIC RESEARCH,

WITH SPECIAL REFERENCE TO A.R.D.A.

Paper to be presented at the Annual Meeting
of the Canadian Agricultural Economics Society,
Ottawa, June, 1962, by Dr. D. Dyck, Economist,
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Department of Agriculture, Ottawa.

Ottawa, 1962.





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Some Implications of Socio-Economic Research,

With Special Reference to A.R.D.A. 1/

D. Dyck 2/

Socio-economic research conducted by the Economics Division of the Canada Department of Agriculture has included research in various economic and sociological aspects regarding farm families. In collecting data from farm operators or their wives, some information on community conditions has also been recorded, but these data are comprised mainly of the extent of the farm family's community activities and of the respondent's opinions on community conditions.

Recent developments in the approach to the agricultural adjustment problem in Canada suggest that the scope of socio-economic studies be expanded. The Agricultural Rehabilitation and Development Act provides for a community development approach to the problems of rural areas. Socio-economic research could contribute considerably towards this program with studies designed to obtain information on institutions and processes in rural communities. Therefore, it may be desirable to enlarge the scope of socio-economic research to include the study of communities, with emphasis on social systems (i.e. the family, school, church, etc.) as units of analysis.

The purpose of this paper is (1) to indicate the main findings in socio-economic studies conducted by the Economics Division; (2) to indicate the implications of these findings for the program outlined by the Agricultural Rehabilitation and Development Act; and (3) to suggest some areas for future research work.

1/ Paper for presentation at the Annual Meeting of the Canadian Agricultural Economics Society, Ottawa, 1962.

2/ Economist, Economics Division, Canada Department of Agriculture.

1. Level of Living.- The area of study in the field of socio-economics, in which the Economics Division first conducted investigations, was the level of living of farm families. The business of farming is closely related to the well-being of the farm family, and hence an appraisal of the farm unit as a central factor in the satisfaction of human wants requires an understanding of the farm home, as well as a study of pecuniary values. This relationship was reflected in most of the farm management surveys conducted in western Canada between 1930 and 1942; they were partly sociological in that information on farm family cash living costs, farm perquisites, family composition, operator's history, and location of the farm with respect to trading, educational and cultural institutions was assembled in addition to farm business data.

It was soon realized, however, that these data did not reveal the well-being of the farm family. The knowledge of farm operating results in different areas and under different conditions had increased, but there was no clear indication of what these results really meant to the people living on the farms. Hence, in 1942 and continuing in 1943, studies were conducted in four areas of Saskatchewan and Alberta for the purpose of analyzing the opportunities that these areas offered its settlers in terms of level of living as well as potential farming success. ^{1/}

In general, the level of living data obtained in these surveys may be

^{1/} Turnbull, H.N., "A Level of Living Study of Families in the Pioneer Areas of Northern Saskatchewan", Dominion Department of Agriculture, unpublished, 1943; Edwards, F.M., "Farm Family Living in the Prairie Provinces", Technical Bulletin 57, Publication 787, Marketing Service, Economics Division, Dominion Department of Agriculture, March 1947; and Kristjanson, B.H., and Edwards, F.M., "Conditions of Life Associated with Land Settlement in the Bonnyville Area of Northeastern Alberta", The Economic Annalist, Feb. 1945.

grouped into six categories: (1) building and farmstead rating, including structure and fixed and movable facilities; (2) family living expenses; (3) food habits, including the amount of food produced and consumed on the farm, and an assessment of adequacy-of-diet; (4) living habits, including activities during leisure time of the family on the farm and in the community, and health and education facts; (5) proximity to community facilities and social participation; and (6) state of satisfaction and social adjustment.

These family living data were used in the development of a scale for rating socio-economic levels. ^{1/} This scale is a system for grading families on the basis of a group of objective elements in the home situation. It has been used in most of the surveys with sociological content conducted by the Economics Division since 1946, even though many of these surveys were not conducted specifically or only for the purpose of studying farm family living. The chief advantages of the scale are that (1) it is simple to use, and (2) it provides a stable measure, in contrast to living expenditures which, because of income variability, may vary considerably from year to year.

2. Population movement.- Much of the socio-economic data gathered by the Economics Division is relevant to the agricultural adjustment problem. In this regard, the geographical and occupational movement of the farm population is one of the main aspects of study. In all surveys, where the operator or his wife was the respondent, information on place of birth, age, sex, education, location and occupation of all family members was obtained,

^{1/} Edwards, F.M., "A Scale for Rating Socio-Economic Levels in Rural Western Canada", Dominion Economics Division and University of Alberta co-operating, 1946.

and the reasons for leaving the farm and for shifting into nonfarm work were recorded.

The usual type of information regarding population movement which has been collected may be indicated by data collected in the provinces of Ontario and Prince Edward Island. These data were obtained in studies conducted in the two provinces in the summer of 1959, ^{1/} and pertain to the movement of adult children (i.e. children aged 16 years or older who had completed their schooling) in the survey families.

It was found that families in Prince Edward Island had four children on the average as compared with three in Ontario. ^{2/} In addition, more of the Prince Edward Island households than of those in Ontario were without children and more of them had families of five children or more. A larger proportion of the children under 25 years of age in Prince Edward Island than in Ontario families resided away from home, and the difference was particularly large in the case of females. In part, the greater movement of Prince Edward Island children may be due to (1) the fact that a smaller proportion of them attend school after completing grade eight; (2) the greater pressure to leave home because of the larger size of family; and (3) the lack of nonfarm jobs within commuting distance and higher car operating costs in Prince Edward Island as compared with Ontario. Regarding the destination of the children upon leaving home, 37 per cent of the Prince

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- ^{1/} Abell, H.C., "Special Study of Ontario Farm Homes and Homemakers", Ontario and Canada Departments of Agriculture co-operating, 1959; and Dyck, D., "A Socio-Economic Study of Rural Areas of Prince Edward Island", Prince Edward Island and Canada Departments of Agriculture co-operating, 1959.
- ^{2/} A similar difference in family size was found between farm families in 1918 and 1949 in Dundas County, Ontario. See High, H.H., and Blackwood, M.B., "Population in Process", Ontario Agricultural College, and Dominion Department of Agriculture co-operating, 1949.

Edward Island children had left the province and this included relatively more of the females than of the males. Most of this group had located in Ontario, which suggests that the availability of economic opportunities in the nonfarm sector of the economy was a major factor in this movement. In contrast, only 10 per cent of the Ontario children had left the province.

Children of both sexes in Ontario had completed more grades or years in school on the average than those in Prince Edward Island (11 and nine grades, respectively) and in both provinces the females had more formal education than the males. These differences in education between the two provinces are reflected in the types of occupation or employment; relatively more of the Ontario females were in clerical and professional positions, and more of the males were in clerical and managerial occupations. About 33 per cent of the Ontario males were engaged full-time in farming and another seven per cent did farm work in combination with nonfarm work; in Prince Edward Island the proportions were 30 and six per cent. Eighteen per cent of the Ontario female children were in paid employment after marriage, as compared with only four per cent of those in Prince Edward Island. Thus the major differences between the families in the two provinces are in regard to size, and level of education, age when leaving school, location and occupation of the children, and the custom of married women having paid employment.

3. Land Use.- Land use on individual farms has been recorded in all socio-economic surveys conducted by the Division involving the investigation of the farm business. However, one of the specific purposes of the study conducted in Prince Edward Island in 1959 was to analyze the factors affecting land use in the province. Lack of farm labor was the reason given

most frequently for the reduction in the area planted to potatoes, the main cash crop on the Island. This shortage of labor was in part due to the movement of young people from farms, and to the shift into nonfarm work by people in rural areas generally. About one-third of the farms visited were non-commercial, and the data collected indicated that land in these farms was not fully utilized. This situation suggests that farming operations on these holdings were more intensive in the past, and that these operations were reduced when the operators acquired other income sources, such as nonfarm work and old age pension.

About 22 per cent of the respondents indicated that some farm abandonment had occurred in their community. In their opinion, this abandonment had occurred mainly because of the low farm income situation, but lack of farm labor, lack of interest in farming and old age of operator were also mentioned. About 17 per cent of the respondents stated that some or all of the land in farms owned by recipients of old age pension in their communities was left idle.

4. Family Income.- Many farm people obtain income from nonfarm sources. Therefore, an attempt has been made in the socio-economic studies to record income from all sources accruing to the people on farms. These income data indicate that, in some areas at least, families on small scale and part time farms are not the only farmers deriving income from nonfarm sources. For example, in the Prince Edward Island study, about one half of the total income reported by the respondents and their families was from sources other than the sale of farm products; commercial farm families obtained about one third of their income from such sources.

These data show that many farm homes are now the headquarters for people engaged in various occupations. The effect of this development on the

agricultural enterprise depends on several factors. The impact may be very small if the operator considers farming as his main occupation and takes on off-farm work only when it doesn't interfere with the efficient operation of the farm. In this case the additional income might not be great, but it helps to improve the family level of living or to improve the farm business. However, if the operator decides on a farming career combined with a full-time job off the farm, the scale of farming is often reduced. On these farms, the effect on farm operations may be similar to the situation where the operator approaches or enters retirement age.

5. Relocation Adjustments.- The establishment of an army training camp near Gagetown, New Brunswick, by the Department of National Defence required the movement of 428 property owners. The Economics Division conducted a survey in 1956 of people who farmed both before and after the move to gain some understanding of the social and economic impact of displacement on rural people, and of the problems involved in their relocation. 1/ The psychological impact of displacement undoubtedly affected the decisions of the people in selecting and buying a new farm. This is apparent in that they were reluctant to move far from their original farms, thus contributing towards inflationary prices of farm real estate in the area. Moreover, many of the farms purchased required considerable expenditures for repairs to buildings, fences and other developmental activities. In addition, the people lacked experience in buying farm real estate, a factor which may be considered as part of the over-all need for information, advice and guidance for farmers being displaced.

1/ Dyck, D. and Lawrence, F., "Relocation Adjustments of Farm Families", The Economic Annalist, Vol. XXX, No. 1, Feb. 1960.

A second survey of the displaced families was made in 1960. An attempt was then made to determine the factors which influenced the people to resettle on farms. Preliminary analysis of the data indicates that many of the families favored the farm as a place of residence or farming as an occupation, some said they lacked the necessary training and others considered themselves physically unfit for nonfarm work. Generally, it appears that most of the families visited in 1960 had been in favor of settling on a farm after the expropriation, but some members of about 27 per cent of the families had favored nonfarm work either in combination with farming or as the only source of cash income. Although about 38 per cent of the respondents were of the opinion in 1960 that they would go about relocating in the same way again, most of the others indicated that they would exercise greater care in the selection and purchase of farms, and some said they would shift into nonfarm occupations.

Implications for Agricultural Rehabilitation and Development.- The existence of economic and social problems in rural areas was given recognition by the Federal government in the passage of the Agricultural Rehabilitation and Development Act. In part, this legislation is designed to help improve the income of the smaller and more marginal farms by various means, and thus help to improve the over-all position of agriculture. Much has been written in recent years about the low income problem in agriculture, and a solution that has been offered is that some of the people should move out of agriculture. In fact, many young people from Canadian farms are entering nonfarm employment, and in some areas some of the established farmers are also moving out of

agriculture. 1/

The Minister of Agriculture has stated, however, that ARDA is not designed to reduce the number of farms. Hence consideration needs to be given to solutions for those low-income full-time farmers who will generally remain in agriculture because of old age, lack of skills for off-farm work, and possibly¹ a reluctance to leave their present way of life. 2/ These are the farmers who may or may not have latent managerial abilities, but who generally do not possess adequate land and capital resources to produce sufficient income for adequate levels of living based on present day standards.

With reference to the Prince Edward Island study of 1959, the economic classification of farms (as used in the 1951 Census) showed that 40 per cent of the commercial farmers sold farm products valued at from \$250 to \$2499. The average age of these operators was 55.3 years compared with an average of 48.8 years for the operators of larger farms. It is reasonable to assume that relatively few of these people will ever leave the farm; people of this age often find it difficult to enter nonfarm employment because they lack the necessary training and because of industry's preference for younger people, and many of them probably lack sufficient funds for retirement off the farm. Thus, because of age, lack of industrial opportunities in local areas, and

1/ In the Prince Edward Island study, 41 per cent of the respondents stated that some of the established farmers had moved out of their community. The reasons for this movement, in the opinion of the respondents, suggest that many of these people moved into nonfarm work.

2/ It has been found that people choose farming as a career for one or more of the following reasons: (1) farm training and experience plus an opportunity to take over an established farm; (2) enjoyment of farming and the independence associated with it; and (3) lack of training for other work. These reasons suggest that farm people may be reluctant to leave farming or to move into an urban residence. See Abell, H.O., "Proposed Changes in Farming Enterprises", Economics Division, Canada Department of Agriculture, March, 1953.

for other reasons most of these low-income farmers will probably remain in agriculture. It is evident that a program designed to assist these people to achieve higher incomes should take account of the sociological and human factors, such as those indicated, of the low-income farm problem.

What is needed most, perhaps, is a program that will have the effect of altering farmers' attitudes towards change. The general attitudes referred to may be illustrated with reference to practice adoption. Usually the low-income farmer waits to see how a new practice works out on a neighbor's farm before adopting it on his own farm. Thus, when adoption does occur, the economic advantages of the new practice have been lost because of higher output and a decline in product price.

Some of the specific attitudes of farm people which may be revealed by non-adoption of a new practice at a time when it might be of financial benefit are the attitudes towards satisfaction with the present way of life, development of management skills, and credit use. The report on a study of small farms in two areas of Manitoba (1956) states some reasons for the persistence of small farms. These reasons were: "(1) Many of the operators of small farms said that they were satisfied with their present way of life. This satisfaction has social rather than economic foundations. (2) Many operators of small farms had not adopted recommended farming practices which could increase their incomes. (3) Many operators of small farms were opposed to their sons obtaining sufficient education which either could open alternative employment opportunities to them or enable them to become more skilled farmers. (4) Many operators of small farms were reluctant to take advantage of available credit facilities to expand their farms." 1/ These

1/ Abell, E.C., "Some Reasons for the Persistence of Small Farms", The Economic Annalist, Vol. LXVI, No. 5, Oct. 1956.

findings indicate that new ideas will probably be accepted by many of the operators of small farms only after the idea that change is possible and desirable has been developed. It would therefore be desirable to design the initial stages in a development program so as to achieve some immediate objective. In terms of adoption of farm practices, the initial objective of ARDA might include the introduction of practices which result in immediate cash gain, leaving for later use those practices which may result in an immediate cash loss but in long-run profits. In terms of community organizations, the objective of making change seem desirable might be achieved by having goals that show immediate results in community appearance. Such projects would contribute little toward the improvement of living conditions, but much toward the development of a sense of accomplishment.

Generally, the existing agricultural programs of education, credit and technical assistance will probably not be sufficient to solve the problem of low income on small commercial farms. The over-all program needs to be such that it will help families desiring to get into non-agricultural employment as well as to help those desiring to remain in agriculture. Such a program needs to consider the needs, aspirations, resources, attitudes and educational level of the farm family. This suggests the need for a diversified program based upon the needs of different kinds of small commercial farmers. In communities with a concentration of elderly farmers, the program would be concerned mainly with the management of resources for the attainment of sustained economic security. Farming operations in such an area might not measure up to the high standards of commercial production, but they would be suitable for people who want to retire. Preferably, the program in these communities would emphasize the development of suitable arrangements for

transferring farms from one generation of operators to another by lease or purchase. The arrangements would need to be suitable to both the needs of the young farmer getting started in farming and the old farmer who wishes to retire. In other communities, where most of the low income farmers are in the middle age group, relatively more emphasis might be placed on helping farmers explore both farm and nonfarm opportunities. This procedure might increase the mobility of farmers who are immobile mainly because of lack of information about available alternatives.

Regarding the educational part of a development program, its success will depend, first, on how well it performs the function of bringing information to the people, and second, on the success it achieves in motivating people to put helpful information to use. Major emphasis may have to be placed on the motivation objective since it is the hardest to achieve with low-income farmers. In his brief to the Senate Committee on Land Use in Canada, the Director of the Division of Research, Department of Industry and Natural Resources for Prince Edward Island, had this to say regarding education. "Community and area development calls for a broad and carefully planned adult education effort", and further, "I began by believing that group training was essential to the success of any development program. I have now discovered through research that virtually every development program that we face in Prince Edward Island is basically, or at its beginning at least, an adult education matter." 1/

In summary, a development program for farm families should stress the following: (1) capital and credit problems; (2) problems associated with

1/ Proceedings of the Special Committee of the Senate on Land Use in Canada, No. 4, fifth session, 24th Parliament, 1962.

land use and the use of other farm and family resources; (3) development of management ability; (4) exploration of off-farm income opportunities; and (5) communicating information and motivating people to use the available helpful information. An ideal program would incorporate these features into a co-ordinated community program, and such a program would require considerable technical assistance to function satisfactorily.

The Future of Socio-Economic Research.- Generally, the direct users or consumers of socio-economic knowledge are not the individual farmers, farmers' wives or rural families, but rather the leaders of organizations to which rural people belong, the professional workers working with rural people, and policy makers and administrators at all levels of government. This consumer public is concerned with the whole of rural society, and hence it may be advisable to broaden the scope of socio-economic research in the Department of Agriculture to include problems of rural areas generally. In the past, family living investigations have been found to be logical companion projects of farm management studies. But already in 1945 the study of communities was suggested in terms of a direct investigation of the institutions and processes of rural communities rather than the fleeting glimpse one obtains by asking the extent of the family's community activities. ^{1/}

The importance of community studies is enhanced by the passage of the Agricultural Rehabilitation and Development Act providing for a community development approach to problems of rural areas. One implication is that more emphasis would be placed on the study of social systems (such as

^{1/} Edwards, F.H., Elliott, H.B., and Turnbull, H.M., "Levels of Living of Farm Families in Representative Rural Areas of Western Canada", Dominion Department of Agriculture, 1945, unpublished, page 1.

families, schools, and churches) as units of analysis, as well as on interrelationships between these systems. Moreover, although communities are a convenient locale in which to conduct many types of studies, most of the investigations reported in the literature appear as case studies because the theory for sampling communities has not been developed fully. ^{1/} Case studies are useful, but they are not adequate for deriving generalizations of relationships. Thus the development of research design and methodology, for community studies, may be suggested as an area for additional research.

It would appear that our society places a high value on change towards economic growth and development. Change in agriculture has been rapid, due in part to the public subsidization of research and adult education. This has increased agricultural output and at the same time decreased the size of the labor force required to produce Canada's food requirements. Consequently, the number of families and the population which can exist profitably in the farming industry has been reduced, and labor has moved into other occupations. At the same time, however, we have also adopted mechanisms to offset change, such as marketing quotas and price supports in some form.

Is this society's way of indicating that change is too rapid? The fact that obstacles or deterrents to change have been introduced would seem to indicate that this is the case. The definition of an optimum or acceptable rate of change would seem to be an urgent matter for research in regard to

^{1/} Larson, O.F., "The Role of Rural Sociology in a Changing Society", Journal of Rural Sociological Society, March, 1959. Another reference used in the preparation of this section was "Rural Sociology in a Changing Economy", proceedings of a seminar on the opportunity and role of the rural sociologist in contemporary agriculture and rural life, North-Central Regional Rural Sociology Committee; published by the Department of Agricultural Economics, University of Illinois College of Agriculture, Urbana, Illinois.

society as a whole as well as to farm communities. Some specific questions in this connection might be asked with reference to labor mobility. Has the rate of movement of labor been too fast or too slow in relation to the rate at which rural communities can absorb the loss in population, taxpayers and consumers? Has the migration of people from farms into urban communities been more rapid than desirable in terms of job opportunities, housing, schools, and other facilities? How does the acceptable rate of change and the ability to accept labor vary between regions and between periods of economic recession and expansion? Who are the people leaving agriculture in contrast or comparison with those who, in some sense, ought to leave? What is the impact on the rural community and the economy generally when those who "ought" to leave remain in agriculture?

The Economics Division studies discussed previously show that young farm people moving into nonfarm work generally have more formal education than those remaining on farms. However, formal education is not a measure of over-all ability, and hence we have little information on whether people with high or with low ability leave agriculture. Also, we do not know if people from farms are able to compete successfully with people from other occupations for job opportunities in the nonfarm labor market. This type of information might help to determine whether other people in agriculture will move out and where they may move.

The values and attitudes of farm people are another important area of research. There is little information available on the extent to which people migrate from agriculture and then drift back because they find their new environment inconsistent with values acquired in rural communities. This may also be the cause for shifting between occupations and for moving from one

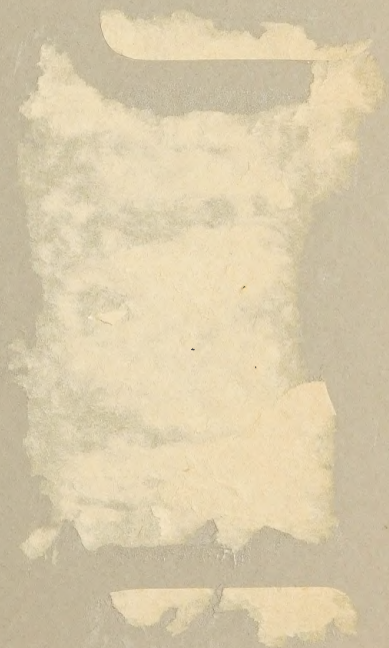
community to another; if so, could our employment services provide the necessary facilities to place people from farms where their living patterns and social values are most consistent with those of the new community?

The occupational and geographic migration of farm people gives rise to many secondary problems. One is the age distribution and family composition of people who remain in agriculture in relation to community structure and facilities. Another major problem is the changing proportions of farm and nonfarm population; the political strength and social claims of agriculture may be greatly reduced as the proportion of the nation's farm population declines still further.

The competitive and complementary results of decisions or choices of individuals as against groups, or of a group in relation to a larger group, is another area which challenges the research worker. Practice adoption is an outstanding example in this area; the individual farmer gains if he is the first to introduce a new practice, but farmers have less income when all of them adopt the practice and produce more. Another example is the decision of one family to remain in agriculture and to expand operations. To what extent is this decision competitive or complementary with over-all adjustment needs, with community welfare, and with those families who must relinquish their opportunity to farm as land is consolidated?

The foregoing suggestions of areas for research can undoubtedly be expanded. They suffice, however, to indicate that there is no lack of opportunity for researchers in the field of socio-economics to contribute to the solution of major farm problems, to facilitate progress and thus increase the welfare of the whole society.

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